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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000673

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TAGS: [ECON](#) [PREL](#) [EAIR](#) [ETRD](#) [CH](#) [TW](#)

SUBJECT: MAC SAYS CROSS-STRAIT WINDOW OPEN NOW BUT WON'T
BE OPEN LONG

REF: A. TAIPEI 609

[1](#)B. TAIPEI 507

Classified By: AIT Deputy Director Robert S. Wang, Reason 1.4 d

[1](#)1. (C) Summary: Mainland Affairs Council (MAC) Chief
Secretary Jan Jyr-horng told AIT March 20 that the PRC

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was intentionally slowing the pace of cross-Straits
discussions on tourism and charter flights. He said the
PRC wanted to appear engaged but avoid any appearance of
rewarding President Chen too soon after his "four wants"
speech. The window of opportunity for an agreement is
now, he commented, noting that Kuomintang Honorary
Chairman Lien Chan's late April visit to China could make
conclusion of an agreement more difficult. End summary.

PRC Dragging Its Feet

[1](#)2. (C) MAC Chief Secretary Jan Jyr-horng, whom MAC
Chairman Joseph Wu sometimes calls his right-hand man,
complained to AIT on March 22 that the PRC has
intentionally slowed the pace of cross-Straits discussions
on tourism and charter flights. China continues to
participate in the discussions to appear engaged and
willing to move forward, he said, but it has purposefully
drawn out deliberations on some outstanding technical
issues. He cited Beijing's inconsistent stance on
Taiwan's proposal to route cross-Straits charter flights
through Japanese airspace (i.e., supportive initially,
but unwilling once Taiwan obtained Japanese approval for
the idea. See ref A). In addition, he explained, the
PRC had earlier agreed to increase the number of cargo
charter flights during the third quarter, when cargo
volumes are particularly high. However, in the latest
round of meetings, Jan said, the PRC had backed away from
its earlier agreement and professed to need more time to
consider the proposal. Nevertheless, Jan believes that
once Beijing thinks the political timing for an agreement
is right, all of the remaining technical issues will be
resolved almost instantly. Taiwan, he said, has
submitted its positions on all of the outstanding issues
and awaits a constructive reaction from Beijing.

What's the Holdup?

13. (C) Jan surmised that Beijing's procrastination was due to either or both of two factors. It is still too soon after President Chen Shui-bian's March 4 "four wants" speech (ref B), and Beijing, he said, wants to avoid any appearance of rewarding Chen at this time. Jan also suggested that the slowdown could be due to the National People's Congress and the Chinese People's Political Consultative Conference, which had distracted the PRC decision-making apparatus, and it might be some time before PRC leadership gets back in gear and ready to move forward on cross-Strait discussions.

The Time is Ripe -- in Taiwan

14. (C) Nevertheless, Jan emphasized that the "window of opportunity" (a phrase used repeatedly by Taiwan officials and cross-Strait observers) for an agreement is "now." The atmosphere in Taiwan, he said, is particularly conducive to an agreement. He noted the March 20 announcement that Taiwan's Investment Commission had approved Taiwan Semiconductor Manufacturing Company's application to upgrade its plant in China to use 0.18-micron technology. That announcement, he pointed out, had caused almost no reaction from Deep Green politicians, who normally vehemently oppose any liberalization of cross-Strait investment restrictions.

15. (C) Jan discounted recent media reports that an agreement allowing PRC tourists to begin arriving in Taiwan on May 1 would be announced soon. May 1 is a PRC holiday, he said, with no special significance for Taiwan.

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Besides, Jan expects the planned limit of 1,000 tourists per day to be filled regardless of whether the opening occurs during a major PRC holiday. However, he stressed that the tourism and charter flight agreements could be implemented quickly, within about two weeks. For example, if an agreement is concluded in mid-April, it could be implemented by May 1.

Chan Visit, Elections, Party Congress -- Clock is Ticking

16. (C) The best time to conclude an agreement, Jan told AIT, is before June. After that, he explained, the presidential and Legislative Yuan election campaigns would begin heating up and Beijing would become preoccupied with preparations for the October Chinese Communist Party (CPC) 17th Party Congress. Jan also surmised that Kuomintang (KMT) Honorary Chairman Lien Chan's visit to China, starting April 26, could disrupt progress toward an agreement even earlier. He speculated on some innocuous deliverables that the PRC could offer Chan during the visit, such as convening a national-level association of Taiwan investors in China that has been in the works since October or expressing its willingness to conclude the tourism and charter flight agreements. If, on the other hand, Lien were to sign a KMT-CPC peace agreement during the visit, Jan believes the political backlash in Taiwan could poison the possibility of concluding the agreements for some time. (Note: Acting KMT Chairman P.K. Chiang, a longtime Lien Chan confidant, told the AIT Director on March 22 that the press talk about a "peace agreement" is way off the mark. Lien, he said, is aiming for more modest achievements during the trip. End note.)

Other Discussions Held Up

¶7. (C) Jan also told AIT that Beijing is blocking progress on other cross-Strait discussions. China's March 16 announcement that it would eliminate tariffs on 19 categories of vegetables and seafood products, for example, had been made unilaterally by China, not through discussion with the Taiwan side. Beijing, he explained, refuses to proceed with bilateral discussions on additional agricultural trade benefits, including expedited customs clearance, without health inspections for Taiwan produce. Jan also noted Beijing's continuing refusal to agree to formal consultations on the PRC's ban of sand exports.

Comment - Down to the Wire or Lucy and the Football

¶8. (C) Jan's comments reflect observations we've heard repeatedly from multiple sources -- when the time is right politically, technical problems will disappear. The record, however, suggests that just the opposite can also be true, and somebody -- this time President Chen and his recent "four wants, one without" iteration -- comes along and, like Lucy, pulls the football away at the last moment. However, we do believe Jan is sincere when he says that from MAC's perspective the time is "now." Whether political stars will align correctly on both sides of the Strait simultaneously is unclear. However, if it's going to happen during the Chen administration, all signs indicate that it must happen within the next two to three months.
YOUNG